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1963

CONGRESSIONAL RECORD — APPENDIX

A Tax Gimmick To Shun

EXTENSION OF REMARKS

OF

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Wednesday, August 7, 1963

Mr. THURMOND. Mr. President, the Nashville Banner, of Nashville, Tenn., has printed in its July 22, 1963, issue an editorial elaborating on a point I made in one of my recent newsletters. This editorial is entitled "Senator THURMOND Points Out a Tax Gimmick To Shun." I ask unanimous consent, Mr. President, that this editorial be printed in the Appendix to the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SENATOR THURMOND POINTS OUT A TAX GIMMICK TO SHUN

Churches, charities, private institutions of higher learning, and such like, are the beneficiaries of generous giving. Through it they are able to maintain the vital services they render; and, justly enough, the Federal tax laws have been drawn—through the years—respectful of that generosity; yes, implementing it by provision for lawful deductions.

These laws until now also have exempted from Federal taxation the interest paid by taxpaying citizens, on their homes, or other transactions.

Under existing law, taxpayers may deduct from the amount of their income, subject to tax, all of the interest paid and the amount of contributions to churches and charities which does not exceed 30 percent of their adjusted gross income.

The Kennedy administration doesn't like that. It now proposes that only the amounts of contributions and interest which exceed 5 percent of adjusted gross income be deductible. That is its suggestion for a major change via its highly-touted tax "reform" bill.

Who would suffer under that arrangement? Well, the taxpayers, of course; and churches, charitable agencies, and other institutions deriving their support in large measure from generous contributors. It's a peculiar, yes eccentric, suggestion, on the part of an administration which proposes—on the other hand—an endlessly enlarged outlay for handouts all over the world. It is additionally peculiar, on the interest item, considering that Uncle Sam's own interest charge now runs to more than a tenth of the Kennedy-swollen budget.

Senator Strom Thurmond has put some facts in focus with the statistical explanation of what this proposal means: The non-deductibility of the "first 5 percent" includes the bulk of all contributions and interest. According to the Internal Revenue Service, based on 1963 returns, only on 19 percent of the returns filed were interest deductions in excess of this "first 5 percent" claimed. Also, only on 15 percent of returns filed were deductions for contributions in excess of this "first 5 percent" claimed.

A taxpayer who has an income of \$8,000, can now deduct all the contributions he makes up to \$2,400, and all the interest he pays. Under the Kennedy proposal, he could not deduct the first \$400 in contributions, nor the first \$400 in interest which he pays. In truth, "under this proposal, the taxpayer would not only have less incentive to make contributions to his church and charities, and to own his own home, but he would also have less money with which to do these things."

It is not enough to suggest that under these arrangements, normally, of individual responsibility the Government would just take over.

Political gimmicks are dangerous.

The House of Representatives has the constitutional authority to originate all tax legislation—responsibly exclusively to the people it represents. When Congress exercises that authority . . . that assignment of trust, only then will the Nation be safe from the political idiosyncracies of the administration in power.

Kennedy Atmospheric Treaty Not the Eisenhower Proposal

EXTENSION OF REMARKS

OF

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 7, 1963

Mr. HOSMER. Mr. Speaker, former President Eisenhower on April 13, 1959, proposed a treaty banning atmospheric tests. Some people are arguing that this is equivalent to President Kennedy's proposal today. Nothing could be more irrational. In 1959 the Soviets clearly were behind in all phases of nuclear weapons development. Since that time they have conducted extensive series of tests, many more than the United States. It is now admitted they are ahead in high yield weapons and they claim to have solved the nuclear anti-missile-missile problems at a time when we are unable to make such a claim. Since the Eisenhower proposal, the Soviets have made a quantum jump ahead in areas which require testing in the atmosphere for the United States to catch up. Whereas the Eisenhower proposal would have frozen the United States in a leadership position, the ultimate effect of the Kennedy proposal is to freeze the U.S.S.R. in a leadership position. This is discussed in the following article by Columnists Evans and Novak in appearing in many newspapers on August 6:

INSTEAD REPORT: ROCKS AND THORNS

(By Rowland Evans and Robert Novak)

All is not roses for President Kennedy's test ban treaty.

Certainly the odds right now are overwhelmingly in favor of Senate ratification, but there is a thorn or two—such as former President Eisenhower's refusal to endorse the treaty.

If General Eisenhower's inner doubts were known, they would come down to this: When he proposed a noninspection atmospheric test ban on April 13, 1959, the Russians had not yet exploded their 1951-52 series of giant bombs in the high-megaton range. Furthermore, the former President would pointedly note that his 1959 proposal—which, of course, Moscow rejected—did not ban testing in outer space.

Accordingly General Eisenhower would assert that conditions are vastly different than they were in 1959.

This leads to the second thorn—the refusal of Senator BOBARK HICKENLOOPER of Iowa, senior Republican on the Foreign Relations Committee, to go to Moscow for the treaty signing. He was not specifically invited. No President or Secretary of State will risk an invitation of this kind unless its acceptance is certain. HICKENLOOPER made it clear,

several weeks ago, that he would send no guests.

HICKENLOOPER's refusal tells a lot about the automatic political response of the conservative Republicans to the new treaty. At the weekly GOP policy committee luncheon last Tuesday he surprised some of his colleagues with 15 minutes of forensics in which he seemed to challenge all Republican senators (without success) to stay away from the treaty-signing ceremony. His argument: The Republican Party had an obligation to remain uncommitted until all the evidence was in.

The evidence HICKENLOOPER wants is precisely the evidence former President Eisenhower wants: How the Joint Chiefs of Staff, the scientists, and the lab men feel about the treaty. One crucial witness, for instance, will probably be Dr. John S. Foster, director of the famed Livermore Laboratories in California.

President Kennedy had a long conversation with Dr. Foster in the White House last week, exploring the black art of nuclear testing and all its ramifications. One question they discussed was what would happen if the Russians, with or without a pretext, broke the treaty and launched an immediate series of tests in the atmosphere. How much time would elapse before the United States could match the Russians and resume atmospheric testing? Six months? One year?

The Hickenlooper Republicans have no intention of committing themselves until they know whether the answers to such technical questions might give them a solid point of attack on the treaty.

Liberal Republicans condemn this as a dog-in-the-manger attitude. As one of them said: "You can't beat peace with a nothing policy." Another remarked that Canada ARKEN, of Vermont, and LAWRENCE SALTON-STALL, of Massachusetts, the two Republicans who agreed to go to Moscow despite HICKENLOOPER's challenge, went not as supporters of the treaty but as witnesses to the signing.

In a purely political context, however, the correct position for the opposition party may be Hickenlooper: Skeptical, critical, and alert for boobytraps.

The thorns are not all in the opposition party. RICHARD B. RUSSELL, of Georgia, chairman of the Senate Armed Services Committee, also declined a proffered invitation to go to Moscow. If RUSSELL should oppose the treaty, his great influence would find allies both inside and outside the South.

These then are the reasons for the administration's elaborate ploys to build an irresistible case for the treaty. In fact, some Republicans complain that their mail has "the earmarks of a propaganda campaign."

In the end, the thorns may prove no more than minor irritations, unless the Republicans are able to locate that solid point of attack. If they do not, it will be difficult to vote against the "mother and children lobby." It is not inconceivable that even Senator BARRY GOLDWATER would find it hard to vote "no" without serious damage to his goldwater presidential candidacy.

U.S. Deal With Cuba Revealed by Representative Cramer

EXTENSION OF REMARKS

OF

HON. EDWARD J. GURNEY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 7, 1963

Mr. GURNEY. Mr. Speaker, my able colleague and good friend, the gentleman from Florida [Mr. CRAMER], re-